



WISCONSIN ASSOCIATION OF HEALTH UNDERWRITERS

Wisconsin's Benefit Specialists

Assembly Committee on Insurance

Assembly Bill 258

April 18, 2007

The Wisconsin Association of Health Underwriters (WAHU), along with other agent associations, has developed the Sensible Health Care Solutions – a comprehensive health care reform plan. WAHU, and the Coalitions reform plan, are supportive of expanding wellness plans and therefore, we support Assembly Bill 258. We believe that AB258 removes some of the barriers faced by employers in offering such programs. The following is our position on wellness plans, taken from the Sensible Health Care Solutions:

Sensible Health Care Solutions

3. Expand Wellness Programs

Some of the key drivers in the increased cost of health care are unhealthy behavioral and lifestyle choices. Research shows that behavior is the most significant determinant of health status¹, with as much as 50 percent of health care costs attributable to individual behaviors such as smoking, alcohol abuse and obesity. According to the National Center for Health Statistics, 30 percent of adults (more than 60 million Americans) are obese and the problem is worsening. Obesity has risen by 10 percent in the past decade and the trend can now be observed among American children². Other sources show that smoking is responsible for approximately 7 percent of total U.S. health care costs³. These behaviors lead to many serious chronic health conditions such as cancer, diabetes, heart and cardiovascular disease, and consumers are seeking medical solutions for these lifestyle issues rather than practicing wellness behavior. It is imperative all insurance plans include incentives for wellness.

Remove Employer Barriers to Offering Financial Incentives

We need to create a safe-harbor for those well-meaning employers that take action to promote wellness and health activities among their employees from non-intentional discrimination by adopting regulatory changes which adopt bona fide wellness plans under recent federal Department of Labor regulations. We should incent this behavior by employers the same way we incent safety features such as fire sprinklers through commercial and residential real estate insurance policies. State and federal policymakers should adopt rating changes which would permit those employers who are implementing and operating these wellness plans to receive premium savings for their wellness plan adoption.

¹ Mercer Management Journal 18; Centers for Disease Control and Prevention

² Employee Benefit News, "Employers tackle obesity." Centers for Disease Control & Prevention; January 2006

³ Centers for Disease Control and Prevention. *Morbidity and Mortality Weekly Report*. July 8, 1994

Encourage Wellness Plans for Private Sector Employers

We believe lawmakers should do everything possible to enable employers to provide benefit incentives and premium flexibility through legal protections and tax breaks to enable them to implement smoking, drug, alcohol and wellness programs to encourage healthy lifestyles of employees and their families.

Implement Wellness Plans for All State Employees

As the state's largest employer, the state should implement a wellness plan for all state employees including pre-screening for all existing employees and all new hires. There are a myriad of wellness vendors operating in the state and we should use the same bid process in finding competitive health insurance plans to find a wellness vendor.

Implement Wellness Plans for Medicaid Recipients

In addition to the Medicaid reforms described earlier, the state should implement a wellness plan for all Medicaid recipients including pre-screening for all existing recipients and all new recipients on an ongoing basis.

We urge you to support AB258 and the other wellness expansion ideas outlined in this paper.



John Nygren

WISCONSIN STATE REPRESENTATIVE ★ 89TH ASSEMBLY DISTRICT

AB-258

70% of healthcare expenses are associated with preventable conditions

- High cholesterol = 20% higher annual claims
- Smoking = 22% higher annual claims
- High blood glucose = 35% higher annual claims
- Poor nutrition = 15% higher annual claims
- Diagnosed depression = 70% higher annual claims
- High Stress = 40% higher annual claims
- Poor exercise habits = 15% higher annual claims
- High blood pressure = 17% higher annual claims

Other compelling statistics.....

Smoking, inactivity, poor nutrition, drugs and alcohol account for 1/2 of premature deaths, 1/3 of acute disability and 1/2 of chronic disability.

The real story is not the individual risks your employees have, but the *number* of risks they have.

- An employee with 6 risk factors averages \$5,200 in claims per year.
- An employee with 2 to 3 risk factors averages \$1,800 in claims per year.

Source: Health Enhancement and Research Organization and the Department of Health and Human Services.

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